

Audubon Commission

(A Discretely Presented Component Unit of
the City of New Orleans, Louisiana)

**Basic Financial Statements as of and for the
Years Ended December 31, 2011 and 2010,
Additional Information as of and for the
Year Ended December 31, 2011, and
Independent Auditors' Reports**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **SEP 26 2012**

AUDUBON COMMISSION

(A Discretely Presented Component Unit of the City of New Orleans, Louisiana)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Audubon Commission

We have audited the accompanying statements of net assets of the Audubon Commission (the "Commission"), a discretely presented component unit of the City of New Orleans, Louisiana, as of December 31, 2011 and 2010, and the related statements of activities and cash flows for the years then ended, as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Commission as of December 31, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2012, on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of our testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 3 through 11 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. This supplemental information is the responsibility of the Commission's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and we do not express an opinion on it.

Our audits were conducted for the purpose of forming opinions on the Commission's basic financial statements. The additional combining information for 2011 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This additional information is the responsibility of the Commission's management. The additional combining information has been subjected to the auditing procedures applied in the audit of the 2011 basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the 2011 basic financial statements taken as a whole.

Debitte i Touche LLP

May 31, 2012

AUDUBON COMMISSION

(A Discretely Presented Component Unit of the City of New Orleans, Louisiana)

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

The discussion and analysis of the Audubon Commission's (the "Commission") financial performance provides an overall review of the Commission's financial activities for the years ended December 31, 2011 and 2010. It should be read in conjunction with the basic financial statements in this report.

Overview of the Financial Statements

This annual report consists of five components — the Management's Discussion and Analysis (this section), the Independent Auditors' Report, the Basic Financial Statements, the Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters, and Additional Information.

The *Basic Financial Statements* of the Commission report the financial position of the Commission and the results of its operations and its cash flows. The basic financial statements are prepared on the accrual basis of accounting.

The *Statement of Net Assets* includes all of the Commission's assets and liabilities and provides information about the Commission's investments in resources (assets) and its obligations to the Commission's creditors (liabilities). It also provides information on the capital structure of the Commission, and the liquidity and financial flexibility of the Commission.

The *Statement of Activities* reports on the current year's performance of the Commission's operations.

The *Statement of Cash Flows* provides information on the Commission's cash from operations and capital and related financing activities.

The *Notes to Basic Financial Statements* provide information that is essential in order to gain a full understanding of the data in the basic financial statements.

The *Additional Information* section provides information on the Combining Statement of Net Assets, Combining Statement of Activities and Combining Statement of Cash Flows.

Financial Highlights

- Net Assets decreased in 2011 by \$1,774,466 or 2.0% from 2010. In 2010 net assets increased by \$276,054 or 0.32% over 2009.
- Additions to Capital Assets totaled \$4,416,662 and \$4,490,877 in 2011 and 2010, respectively.
- Long-term Liabilities decreased by \$1,520,683 and \$2,101,231 in 2011 and 2010 respectively due to payments of debt service on bonds payable and also due to the reduction of the inter-company debt between the Audubon Nature Institute, Inc. (the "Institute") and the Audubon Commission. The Institute has committed to the Commission that it has the intent and ability to continue funding the operations of the Commission through operating advances, donations and grants. The Institute has no plans in the next 12 months to demand payment on the amounts receivable from the Commission at December 31, 2011.

- On September 22, 2011, the Commission issued \$24,370,000 Aquarium Refunding Bonds, Series 2011A-1 with a net interest cost of 3.276%. The bonds were issued for the purpose of defeasing the Aquarium Refunding Bonds, Series 2001 A and Series 2001 B Bonds and providing amounts for capital improvements to the Audubon Aquarium of the Americas and related facilities and paying costs of issuance of the Bonds. On the same date the Commission issued \$630,000 Aquarium Refunding Bonds, Taxable Series 2011A-2 with a net interest cost of 1.867%. These bonds were issued for the purpose of paying a portion of the interest due on the 2011A-1 Bonds and paying costs of issuance of the Bonds. The Bonds were issued on a complete parity with the Aquarium Refunding Bonds Series 2003A.
- Subsequent to the issuance of the 2010 financial statements, the Commission identified an adjustment relating to an unrecorded accreted interest liability on the 2001B bond issue that should have been recorded at December 31, 2010 totaling \$3.895 million. This adjustment was not material overall to the financial statements for the year ended December 31, 2010, and has been reflected as a restatement of previously issued 2010 amounts.

Audubon Commission Operating Facilities Net Results for the Year Ended December 31, 2011 with Prior Years and Budget Comparisons

	Actual 2011	Actual 2010	Actual 2009	Budget 2011	Budget 2010
	(In thousands)				
Aquarium/IMAX Woldenberg					
Riverfront Park	\$ 4,320	\$ 4,268	\$ 4,078	\$ 3,681	\$ 3,877
Audubon Zoo and Park &					
Audubon Golf Course	(2,789)	(3,303)	(3,004)	(2,877)	(3,067)
Audubon Insectarium	(396)	(186)	(565)	(144)	(408)
Research Center/Species					
Survival Center	(771)	(624)	(504)	(395)	1
Nature Center		21			
	<u>364</u>	<u>176</u>	<u>5</u>	<u>\$ 265</u>	<u>\$ 403</u>
Total operations*					
	<u>(2,138)</u>	<u>100</u>	<u>(3,224)</u>		
Net capital income and expense					
	<u>\$ (1,774)</u>	<u>\$ 276</u>	<u>\$ (3,219)</u>		
Change in net assets					

*Excludes capital revenues and expenditures, and the depreciation associated with buildings and fixed exhibitory

Condensed Statement of Activities

	Year Ended December 31			Change	Change
	2011	2010	2009	2010 to 2011	2009 to 2010
		(As restated)	(As restated)		
Operating revenues	\$ 37,495,881	\$ 34,977,094	\$ 34,506,824	\$ 2,518,787	\$ 470,270
Operating expenses	<u>50,121,753</u>	<u>48,677,757</u>	<u>48,778,001</u>	<u>1,443,996</u>	<u>(100,244)</u>
Operating loss	(12,625,872)	(13,700,663)	(14,271,177)	1,074,791	570,514
Nonoperating revenues — net	<u>10,851,406</u>	<u>13,976,717</u>	<u>11,051,779</u>	<u>(3,125,311)</u>	<u>2,924,938</u>
Change in net assets	(1,774,466)	276,054	(3,219,398)	(2,050,520)	3,495,452
Beginning net assets	86,402,771	86,126,717	92,725,998	276,054	(6,599,281)
Prior period adjustment (see note 9 to the basic financial statements)			(3,379,883)		3,379,883
Ending net assets	<u>\$ 84,628,305</u>	<u>\$ 86,402,771</u>	<u>\$ 86,126,717</u>	<u>\$ (1,774,466)</u>	<u>\$ 276,054</u>

Comments on Condensed Statement of Revenues, Expenses and Changes in Net Assets

Operating Revenues and Expenses —

Revenues —

- Operating revenues increased by \$2,519,000 and \$470,000 in 2011 and 2010 respectively. The 2011 increase was mainly due to the opening of the Cool Zoo splash park at Audubon Zoo and the Parakeet Pointe interactive exhibit at Audubon Aquarium.
- Included in the 2011 operating revenues of \$37,496,000 are admissions revenues of \$14,940,000. These revenues increased by \$989,000 compared to 2010 as a result of 2.01 million guests visiting Audubon Zoo, Audubon Aquarium of the Americas, Entergy IMAX Theatre and Audubon Insectarium in 2011 compared to 1.97 million in 2010.
- Included in the operating revenues of \$37,496,000 are other operating revenues of \$1,497,000 which decreased by \$886,000 in 2011 compared to 2010. Other operating revenues in 2010 included the reimbursement of costs incurred in managing and operating the 24/7 critical care unit set up for marine animals rescued during the Gulf of Mexico oil spill of 2010. Other operating revenues in 2010 also include FEMA reimbursements of \$410,000 that related to Hurricane Katrina and Gustav.

Expenses —

- In 2011, there was an increase of \$1,283,000 in material costs, supplies, and contractual services due to additional variable costs that relate to an increase in business.
- An increase of \$720,000 in salaries and benefits in 2011 was partially due to the hiring of additional staff to operate Cool Zoo and also due to an increase in staff costs in departments that had an increase in guest visitation.

Non-Operating Revenues —

- Dedicated tax revenues increased by \$353,967 in 2011 compared to 2010. In 2010, the tax revenues increased by \$743,850 compared to 2009.
- Private and government grants and donations for capital projects, education programs and operating support decreased in 2011 compared to 2010 by \$1,705,771.
- During 2010, the Commission determined that a loan in the amount of \$1,220,835, recorded as a liability at December 31, 2010 was forgiven by the lender and such amounts outstanding were recorded as non-operating revenues in the statement of activities in 2010.

Audubon Commission — Net Capital Assets

	Beginning Balance 2010	Additions	Depreciation/ Disposals	Ending Balance 2011
Aquarium and Riverfront Park	\$ 44,126,252	\$ 1,185,748	\$ (3,029,778)	\$ 42,282,222
Audubon Insectarium	21,702,580	32,439	(1,344,040)	20,390,979
Audubon Zoo & Park	46,537,066	2,657,572	(2,906,077)	46,288,561
Audubon Golf Course	9,222,117	43,172	(405,156)	8,860,133
Survival Center/ Research Center	<u>14,228,281</u>	<u>497,731</u>	<u>(781,579)</u>	<u>13,944,433</u>
Total	<u>\$ 135,816,296</u>	<u>\$ 4,416,662</u>	<u>\$ (8,466,630)</u>	<u>\$ 131,766,328</u>

	Beginning Balance 2009	Additions	Depreciation/ Disposals	Ending Balance 2010
Aquarium and Riverfront Park	\$ 46,222,387	\$ 936,245	\$ (3,032,380)	\$ 44,126,252
Audubon Insectarium	23,042,760	7,418	(1,347,598)	21,702,580
Audubon Zoo & Park	46,154,620	3,216,130	(2,833,684)	46,537,066
Audubon Golf Course	9,303,501	282,252	(363,636)	9,222,117
Survival Center/ Research Center	<u>14,979,941</u>	<u>48,831</u>	<u>(800,491)</u>	<u>14,228,281</u>
Total	<u>\$ 139,703,209</u>	<u>\$ 4,490,876</u>	<u>\$ (8,377,789)</u>	<u>\$ 135,816,296</u>

Audubon Commission — Condensed Statement of Net Assets

	2011	2010 (As restated)	2009 (As restated)	Change 2010 to 2011	Change 2009 to 2010
ASSETS					
Cash and cash equivalents	\$ 1,862,751	\$ 765,093	\$ 1,533,225	\$ 1,097,658	\$ (768,132)
Accounts receivable	484,104	1,000,196	692,844	(516,092)	307,352
Inventory	1,398,057	1,450,039	1,630,122	(51,982)	(180,083)
Prepaid items	1,020,556	1,004,761	866,112	15,795	138,649
Restricted assets	6,036,185	3,475,046	2,142,270	2,561,139	1,332,776
Nondepreciable capital assets	3,172,602	4,109,943	800,000	(937,341)	3,309,943
Depreciable capital assets — net	128,593,726	131,706,353	138,903,209	(3,112,627)	(7,196,856)
Other assets - non restricted	<u>9,814,302</u>	<u>10,268,866</u>	<u>12,383,134</u>	<u>(454,564)</u>	<u>(2,114,268)</u>
Total assets	\$ <u>152,382,283</u>	\$ <u>153,780,297</u>	\$ <u>158,950,916</u>	\$ <u>(1,398,014)</u>	\$ <u>(5,170,619)</u>
LIABILITIES					
Accounts payable	\$ 6,408,743	\$ 6,173,554	\$ 5,429,455	235,189	\$ 744,099
Due to the Institute					
Payables from restricted assets	5,826,699	4,164,753	3,924,899	1,661,946	239,854
Long-term liabilities	<u>55,518,536</u>	<u>57,039,219</u>	<u>59,140,450</u>	<u>(1,520,683)</u>	<u>(2,101,231)</u>
Total liabilities	\$ <u>67,753,978</u>	\$ <u>67,377,526</u>	\$ <u>68,494,804</u>	\$ <u>376,452</u>	\$ <u>(1,117,278)</u>
NET ASSETS					
Invested in capital assets-net of related debt	\$ 84,311,185	\$ 89,953,980	\$ 88,249,718	(5,642,795)	1,704,262
Unrestricted	<u>317,120</u>	<u>(3,551,209)</u>	<u>1,256,882</u>	<u>3,868,329</u>	<u>(4,808,091)</u>
Total net assets	\$ <u>84,628,305</u>	\$ <u>86,402,771</u>	\$ <u>89,506,600</u>	\$ <u>(1,774,466)</u>	\$ <u>(3,103,829)</u>
Total liabilities and net assets	\$ <u>152,382,283</u>	\$ <u>153,780,297</u>	\$ <u>158,001,404</u>	\$ <u>(1,398,014)</u>	\$ <u>(4,221,107)</u>

Comments on the Statement of Net Assets

- The net capital assets decrease of \$4,049,968 in 2011 was due to the increase in capital asset additions \$4,416,662 offset by the depreciation and disposals of \$8,466,630. The net capital assets decrease of \$3,886,913 in 2010 from 2009 is due to an increase in capital asset additions of \$4,490,876, offset by depreciation and disposals of \$8,377,789.
- Long-term liabilities decreased by \$1,520,683 in 2011 from 2010 due to payments of debt service on bonds payable and due to the reclassification of the 2012 Gulf Zone Bond liability from long-term liabilities to current liabilities. They also decreased in 2011 due to the Aquarium Revenue Bonds final principal and interest payment due in 2012. Long-term liabilities decreased by \$2,101,231 in 2010 from 2009 due to payments of debt service on bonds payable and also due to the reduction of the inter-company debt between the Institute and the Commission.

Audubon Commission — Condensed Statement of Cash Flows

	2011	2010	2009	Change 2010 to 2011	Change 2009 to 2010
Net cash used in operating activities	\$ (3,187,804)	\$ (5,757,878)	\$ (5,900,858)	\$ 2,570,074	\$ 142,980
Net cash provided by capital and related financing activities	<u>4,285,462</u>	<u>4,989,746</u>	<u>6,299,270</u>	<u>(704,284)</u>	<u>(1,309,524)</u>
NET (DECREASE) INCREASE IN CASH AND TEMPORARY INVESTMENTS	<u>1,097,658</u>	<u>(768,132)</u>	<u>398,412</u>	<u>1,865,790</u>	<u>(1,166,544)</u>
CASH AND TEMPORARY INVESTMENTS					
-Beginning of year	<u>765,093</u>	<u>1,533,225</u>	<u>1,134,813</u>	<u>(768,132)</u>	<u>398,412</u>
-End of year	<u>\$ 1,862,751</u>	<u>\$ 765,093</u>	<u>\$ 1,533,225</u>	<u>\$ 1,097,658</u>	<u>\$ (768,132)</u>

Comments on the Statement of Cash Flows

- There was a reduction in cash used in operating activities in 2011 compared to 2010 of \$2,570,074 due mainly to an increase in cash receipts of \$3,480,969. However, this increase was partly off-set by an increase in payments made to employees and supplies and services.
- Cash provided by capital and related financing activities of \$4,285,462 was \$704,284 less than 2010. The decrease was partly due to a reduction in grant transfers from Audubon Nature Institute. Also, restricted assets increased due to the new bond proceeds received for capital projects. Restricted liabilities increased due to the reclassification of the current portion of the Gulf Opportunity Zone loan. There were also less intergovernmental grants received in 2011 than 2010.
- In 2011 there was an overall positive increase in cash and temporary investments of \$1,097,658.

General Overview

Audubon - 2011

General Overview

2011 was marked by promising attendance trends and positive growth in revenue for Audubon Nature Institute. With an eye on the future, Audubon remained committed to providing outstanding guest experiences, educational opportunities, and preserving the wonders of nature. The combined attendance of the Zoo, Aquarium, IMAX®, and Insectarium totaled **2.01 million visitors**, up 1.8% from 2010. The Zoo trended up at 864,680 visitors — this was the **first time Zoo attendance surpassed 850,000 guests since 1992!** The Aquarium, Insectarium and IMAX® trended down slightly welcoming 736,420, 192,748, and 212,635 visitors respectively. **Total admissions revenues exceeded \$14.94 million**, which was approximately 7% higher than 2010 and just above 1% over budget. Audubon looks to the future with optimism, ready to embark on new adventures and meet the challenges ahead.

Major Achievements

- Audubon Zoo debuted **Cool Zoo** on April 1, 2011. This wild and wet splash park became an instant summer hit. It features jumping water spouts, a huge alligator water slide, a spider monkey soaker and water-spitting snakes. Shaded seating, family restrooms, a concession stand, and The Cool Shop provide everything needed for fun in the sun.

- Audubon Aquarium of the Americas opened **Parakeet Pointe** on March 25, 2011. Hundreds of free-flight parakeets surround visitors in a specially-designed 800 square-foot outdoor environment that encourages up-close encounters — including a chance to feed the birds with veterinarian-approved seed sticks.
- Entergy IMAX® Theatre **upgraded its projector system**, allowing Audubon to augment its educational offerings with feature-length films. *Harry Potter and the Deathly Hallows II* in 3D, *Polar Express* and *Happy Feet Two 3D Experience* brought excitement to the theater's gigantic 5½-story screen. The upgrade led to increased attendance toward the end of 2011, including a 34% increase for the month of December when compared to December 2010.
- When the Deepwater Horizon spill occurred in 2010, over 200 sea turtles and two dolphins were brought to Audubon Aquatic Center for critical care by Audubon's **Louisiana Marine Mammal and Sea Turtle Rescue Program (LMMSTRP)**. The LMMSTRP team's extraordinary efforts enabled the safe return of 172 sea turtles to the Gulf of Mexico, but 30 turtles spent the winter with LMMSTRP as they continued to heal. They were released on May 27, 2011. The following month the last dolphin, affectionately named **Roux Brees**, was transported to a permanent home at Gulf World in Panama City, Florida.
- Construction continued on the new **state-of-the-art elephant barn and paddock** at Audubon Zoo; the new habitat will provide our Asian Elephants with a much larger stomping ground.
- **Woldenberg Riverfront Park** restoration work, funded through CDBG, is making great progress. In 2011, emergency wharf repairs were completed, and bids were issued on remaining wharf repair and landscaping improvements. Restoration began on iconic sculptures including Ida Kohlmeyer's *Aquatic Colonnade* and the Malcolm Woldenberg bronze. Improvements will continue throughout 2012.
- Audubon Nature Institute is the proud recipient of the **2011 Environmental Leadership Award** from the Louisiana Department of Environmental Quality. The award recognizes all of the hard work and initiatives aimed to reduce Audubon's carbon footprint. Audubon Catering was designated the first **certified green caterer** in Louisiana.
- **Audubon Membership** exceeded expectations in 2011, largely due to Audubon Zoo's new Cool Zoo water park which provided an invitation to visit throughout the Summer, a season previously marked by a decline in attendance. Membership revenue totaled \$3,943,670 in 2012, coming in at **14.5% better than budget**. Downtown, the new, interactive Parakeet Pointe exhibit encouraged Audubon Member visitation and sales. At year end, Members accounted for 25% of visitation at Audubon Aquarium of the Americas, 33% at Audubon Zoo, 16% at Audubon Butterfly Garden and Insectarium, 7% at Entergy IMAX Theater.

New Arrivals & Programs

- During 2011, the Zoo welcomed several animals to the Audubon family: two brown pelicans, a female capybara, 3 Thomson's gazelle, and 2 Asian small-clawed otters.
- Audubon Butterfly Garden and Insectarium welcomed several "firsts" including the successful captive rearing of both **unicorn katydids** and **giant Malaysian katydids**, and acquisition of a pair of enormous **elephant beetles** (scarabs from Central America).

- Audubon Zoo successfully bred three clutches of **Louisiana Pine snakes** welcoming nine new hatchlings. Seven of the baby snakes will be released in spring 2012, while two will remain at the Zoo as part of the captive population. Louisiana Pine Snakes are the most endangered reptile in North America.
- Audubon Center for Research of Endangered Species celebrated the births of two **African black-footed kittens** in February 2011. The kittens were the first of their kind to be born from a frozen embryo via *in vitro* fertilization at Audubon Center for Research of Endangered Species.
- Audubon Aquarium added **two new Tiger Sharks** and dozens of other fish and species to the collection over the course of 2011.
- Audubon has continued to strengthen social media initiatives, adding fans, friends, and followers every day. At year end, our social network included more than 50,000 **Facebook** friends, 5,000 **Twitter** followers, and over 100,000 e-mail subscribers.

Audubon - 2010

In 2010, Audubon remained committed to providing outstanding guest experiences, educational opportunities, and preserving the wonders of nature. With this mission at the heart of all we do, Audubon achieved great success and was able to devote much of 2010 to developing projects for the future. The combined attendance of the Zoo, Aquarium, IMAX®, and Insectarium totaled 1.97 million guests, down 3% from 2009. The Aquarium trended up, with 746,643, while the other facilities were all slightly down (Zoo saw 771,418, Insectarium 215,079 and IMAX 237,441). Total revenues exceeded \$13.95 million, which was approximately 6.8% below budget and 2.29% lower than 2009. We believe that the decrease is attributable largely to the Macondo Well Oil Spill in the Gulf of Mexico, which negatively impacted our regional market as well as tourism throughout the summer. Audubon looks to the future with optimism, ready to embark on new adventures and meet the challenges ahead.

Major Achievements

- The **Louisiana Marine Mammal and Sea Turtle Rescue Program (LMMSTRP)**, coordinated by Audubon Aquarium of the Americas, became the 24/7 critical care unit for animals rescued during the 2010 Deepwater Horizon oil spill crisis in the Gulf of Mexico. The LMMSTRP team of aquarists, veterinarians, and volunteers has cared for 205 sea turtles and 3 dolphins since the oil spill. Their extraordinary efforts enabled the safe return of 172 sea turtles to the Gulf of Mexico last year. 30 sea turtles and one dolphin remain in Audubon's care awaiting return to the wild.
- **Audubon Insectarium's** second full year of operation brought a successful inspection from the U.S. Department of Agriculture, giving the thumbs up to continue importing, breeding, and displaying bugs from around the world. The Insectarium offered exciting encounters with exotic insects and unique experiences to visitors. Featured on the Discovery Channel and National Geographic TV, Audubon Insectarium shined in the national spotlight.
- Audubon neared completion of two major projects in 2010. **Cool Zoo, a wild and wet splash park**, which opened April 2011, provides a unique place for families to cool off while at the Zoo. **Parakeet Pointe**, opened March 2011, surrounds Aquarium guests with over 1,000 colorful birds.
- With an eye on the future, construction began on the new **state-of-the-art elephant barn and paddock** and planning moved forward for the major restoration projects in **Woldenberg Riverfront Park**. The new elephant barn will dramatically increase the size of the Zoo's elephant facility and

provide our Asian Elephants with a much larger stomping ground. The Woldenberg Riverfront Park project, funded by a \$4.5 million grant from the State of Louisiana Office of Community Development Disaster Recovery Unit, includes wharf, landscaping, and sculpture repair to address Hurricane Katrina damage.

- Audubon Aquarium of the Americas celebrated **Double Decades of Discoveries** with its 20th birthday. In the two decades since opening, the Aquarium has welcomed over 20 million visitors. **Scales & Ales**, the combination fundraiser and birthday party, raised over \$65,000 for LMMSTRP.
- With 18 proven world's firsts in technology-assisted births of vanishing animals, Audubon Center for Research of Endangered Species continued to capture attention in 2010 as *60 Minutes* featured the Research Center in a June report by Lesley Stahl. The *BBC* also filmed at the Research Center for *Nature's Miracle Babies* special to air in 2011.
- Audubon Membership swelled in 2010, as the value proposition became even more attractive with the added benefit of \$5 member admission to both Audubon Insectarium and Entergy IMAX Theatre. Membership purchases were also spurred by news of the new Parakeet Pointe exhibit at Audubon Aquarium of the Americas and Cool Zoo splash park at Audubon Zoo -both debuting early 2011. Gross revenue for 2010 totaled \$3,523,749 or 3% better than budget and 6% better than actual 2009 sales. Net revenue was also ahead of both 2010 budget and 2009 actual. Member households, while fluctuating throughout the year due to renewal cycles, numbered more than 29,750 in 2010.
- Audubon Catering earned the **Green Catering certification** by the Green Restaurant Association by meeting or exceeding the association's stringent certification standards in seven areas: disposables, energy, food, furnishings and building materials, pollution and chemical reduction, waste, and water.

New Arrivals & Programs

- During 2010, the Zoo welcomed several animals to the Audubon family including **Bandia**, a Western lowland gorilla, an endangered drill baboon, a male Komodo Dragon, and two maned wolves. The Zoo also celebrated the births of two monkeys, a howler and a spot-nosed guenon, as well as endangered Amur Leopard cub, flamingos, and two rare blue-crowned laughingthrush chicks.
- One often on exhibit in the world, **Buzz**, the smalltooth sawfish, joined the Gulf of Mexico exhibit along with new red snapper, cobia, and a 300-pound stingray at Audubon Aquarium of the Americas in November.
- Audubon has taken conservation to a new level. Developed in 2010, **Conservation Station** is a garden providing food for our animals as well as a new way to educate the community. Audubon's Horticulture team began to produce and sell **Zoo Doo Gold** compost made up of everything from spent flowers to shredded office paper. The entire Audubon family is looking for ways to reduce, reuse, and recycle every day.
- Audubon has continued to strengthen social media initiatives, adding fans, friends, and followers every day. At year end, our social network included more than 30,000 **Facebook** friends, 3,000 **Twitter** followers, and over 80,000 e-mail subscribers.

Contacting the Commission's Financial Manager

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the Commission's finances. If you have any questions about this report or need additional financial information, please contact the Director of Finance, Audubon Nature Institute, 6500 Magazine Street, New Orleans, LA 70118.

AUDUBON COMMISSION**(A Discretely Presented Component Unit of the City of New Orleans, Louisiana)****STATEMENTS OF NET ASSETS****AS OF DECEMBER 31, 2011 AND 2010**

	2011	2010 (As restated see Note 9)
CURRENT UNRESTRICTED ASSETS		
Cash and temporary investments	\$ 1,862,751	\$ 765,093
Accounts receivable — net of allowance for uncollectible accounts of \$52,452 in 2011 and \$59,236 in 2010, respectively	484,104	1,000,196
Inventory	1,398,057	1,450,039
Prepaid expenses	<u>1,020,556</u>	<u>1,004,761</u>
Total unrestricted current assets	<u>4,765,468</u>	<u>4,220,089</u>
CURRENT RESTRICTED ASSETS		
Designated for capital projects	2,422,906	
Debt service and bond reserve investments	2,066,669	1,573,766
Accounts receivable for capital improvements	<u>1,249,839</u>	<u>1,901,280</u>
Total restricted current assets	<u>5,739,414</u>	<u>3,475,046</u>
Total current assets	<u>10,504,882</u>	<u>7,695,135</u>
CAPITAL ASSETS		
Land	800,000	800,000
Buildings and fixed exhibitory	218,313,703	213,931,296
Equipment	19,250,233	18,633,830
Construction in progress	2,372,602	3,309,943
Less accumulated depreciation	<u>(108,970,210)</u>	<u>(100,858,773)</u>
Net capital assets	<u>131,766,328</u>	<u>135,816,296</u>
OTHER ASSETS		
Prepaid rent — Dock Board	8,684,193	8,799,983
Film cost — net of accumulated amortization	754,906	920,410
Receivable — Riverfront Economic Development Agreement	81,674	252,202
Bond issue costs	293,529	296,271
Debt service and bond reserve investments — restricted noncurrent	<u>296,771</u>	
Total other assets	<u>10,111,073</u>	<u>10,268,866</u>
TOTAL	<u>\$ 152,382,283</u>	<u>\$ 153,780,297</u>

(Continued)

AUDUBON COMMISSION**(A Discretely Presented Component Unit of the City of New Orleans, Louisiana)****STATEMENTS OF NET ASSETS****AS OF DECEMBER 31, 2011 AND 2010**

	2011	2010 (As restated see Note 9)
NONRESTRICTED CURRENT LIABILITIES — Accounts payable and other accrued liabilities	\$ 6,408,743	\$ 6,173,554
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS		
Accrued interest	316,808	37,146
Revenue bonds — current portion	1,370,874	1,310,874
Limited tax bonds — current portion	2,511,123	2,509,424
Gulf Opportunity Zone loan — current portion	1,575,503	
Construction payables	52,391	307,309
Total current liabilities payable from restricted assets	5,826,699	4,164,753
Total current liabilities	12,235,442	10,338,307
LONG-TERM LIABILITIES		
Revenue bonds		1,370,873
Limited tax bonds	28,342,448	25,451,542
Accreted interest on Capital Appreciation Bonds		3,894,539
Unamortized premium — net	2,387,600	514,515
Gulf Opportunity Zone loan	17,090,720	18,131,950
Due to Audubon Nature Institute	7,560,378	7,470,007
Capital lease obligation	137,390	205,793
Total long-term liabilities	55,518,536	57,039,219
Total liabilities	67,753,978	67,377,526
NET ASSETS		
Invested in capital assets — net of related debt	84,311,185	89,953,980
Unrestricted	317,120	(3,551,209)
Total net assets	84,628,305	86,402,771
TOTAL	\$ 152,382,283	\$ 153,780,297

See notes to financial statements

(Concluded)

AUDUBON COMMISSION**(A Discretely Presented Component Unit of the City of New Orleans, Louisiana)****STATEMENTS OF ACTIVITIES****FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	2011	2010 (As restated see Note 9)
OPERATING REVENUES		
Charges for services	\$ 35,998,927	\$ 32,593,741
Miscellaneous	<u>1,496,954</u>	<u>2,383,353</u>
Total operating revenues	<u>37,495,881</u>	<u>34,977,094</u>
OPERATING EXPENSES		
Salaries and benefits	22,130,346	21,410,357
Contractual services, materials, supplies, other	19,271,783	17,988,315
Depreciation and amortization	<u>8,719,624</u>	<u>9,279,085</u>
Total operating expenses	<u>50,121,753</u>	<u>48,677,757</u>
OPERATING LOSS	<u>(12,625,872)</u>	<u>(13,700,663)</u>
NONOPERATING REVENUES (EXPENSES)		
Audubon Nature Institute grants for capital projects, and education programs	3,306,057	5,011,828
Dedicated tax revenues	8,294,838	7,940,871
Intergovernmental grants for capital projects	1,483,615	2,676,797
Interest income	1,113,390	793,603
Interest expense	(2,820,283)	(2,915,483)
Grant expenses	(419,498)	(648,913)
Forgiveness of loan		1,220,835
Amortization — debt costs	<u>(106,713)</u>	<u>(102,821)</u>
Total nonoperating revenues — net	<u>10,851,406</u>	<u>13,976,717</u>
CHANGE IN NET ASSETS	<u>(1,774,466)</u>	<u>276,054</u>
NET ASSETS — Beginning of year	<u>86,402,771</u>	<u>86,126,717</u>
NET ASSETS — End of year	<u>\$ 84,628,305</u>	<u>\$ 86,402,771</u>

See notes to financial statements

AUDUBON COMMISSION**(A Discretely Presented Component Unit of the City of New Orleans, Louisiana)****STATEMENTS OF CASH FLOWS****FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 38,214,046	\$ 34,502,484
Cash received from FEMA reimbursements	28,522	167,257
Cash paid to or on behalf of employees	(22,053,951)	(21,372,481)
Cash paid for supplies and services	(19,376,421)	(19,055,138)
Net cash used in operating activities	<u>(3,187,804)</u>	<u>(5,757,878)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Grants from the Institute for capital projects, education, and operating support	3,306,056	5,011,828
Payments for projects' design, construction, and equipment purchases	(4,437,489)	(4,136,318)
Increase in restricted assets	(2,561,138)	(1,332,775)
Increase in restricted liabilities	4,639,163	903,546
Dedicated tax revenues	8,294,838	7,940,871
Issuance of bond principal	25,000,000	
Payment to bond escrow agent	(24,428,502)	
Payment of issuance costs	(192,012)	
Deposits to restricted cash	(3,043,706)	
Original issue premium	2,433,627	
Interest expense	(2,820,283)	(2,400,827)
Payment of bond principal	(4,265,000)	(4,070,000)
Interest income	1,113,390	793,603
Intergovernmental and other grants	1,483,615	2,676,797
Grant expenses	(419,498)	(648,913)
Other	182,401	251,934
Net cash provided by capital and related financing activities	<u>4,285,462</u>	<u>4,989,746</u>
NET (DECREASE) INCREASE IN CASH AND TEMPORARY INVESTMENTS	<u>1,097,658</u>	<u>(768,132)</u>
CASH AND TEMPORARY INVESTMENTS — Beginning of year	<u>765,093</u>	<u>1,533,225</u>
CASH AND TEMPORARY INVESTMENTS — End of year	<u>\$ 1,862,751</u>	<u>\$ 765,093</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating loss	\$ (12,625,872)	\$ (13,700,663)
Adjustments to reconcile operating loss to cash used in operations		
Depreciation and amortization	8,719,624	9,279,085
(Increase) decrease in accounts receivable and other current assets	667,081	(381,707)
Increase (decrease) in accounts payable and other current liabilities	51,363	(954,593)
NET CASH USED IN OPERATING ACTIVITIES	<u>\$ (3,187,804)</u>	<u>\$ (5,757,878)</u>
NONCASH ITEMS		
Purchases for projects' design, construction, and equipment in accounts payable and other current liabilities	\$ -	\$ 875,477
Forgiveness of loan	\$ -	\$ 1,220,835
Capital lease obligation	\$ 205,793	\$ 267,712
Accretion of interest on capital appreciation bonds	\$ -	\$ 514,656

See notes to financial statements

AUDUBON COMMISSION

(A Discretely Presented Component Unit of the City of New Orleans, Louisiana)

NOTES TO BASIC FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

1. GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Information — Audubon Park is located on a 400-acre tract within the City of New Orleans (the "City") that includes the Audubon Zoo, trails for jogging, biking, and horseback riding, an 18-hole golf course and numerous athletic fields. Act 83 passed by the Louisiana Legislature (the "Legislature") in 1871 authorized the Board of Park Commissioners to acquire the land which is now known as Audubon Park. In 1914, the Legislature passed Act 191 which created a Commission to be entrusted with the management and control of Audubon Park. Act 191, as amended, is the current authority for the present Audubon Park Commission which is composed of 24 members who are appointed by the Mayor with the approval of the City Council. Each member serves a six-year term, with four members' terms expiring each year. The Commission is considered a discretely presented component unit of the City and its statements are included in the City's annual financial statements. On January 1, 1996, the Commission's name was changed from Audubon Park Commission to Audubon Commission (the "Commission") effective with the City's adoption of amendments to its Home Rule Charter.

On November 4, 1986, City voters approved the levy of a three and four-fifths (3-4/5) mills property tax to finance the construction and certain operating expenses of the Audubon Aquarium of the Americas (the "Aquarium"). The vote was taken pursuant to Act 309, passed by the Legislature earlier in 1986, which provided that the Commission would develop, construct and operate the Aquarium and authorized the City to levy and collect the aforementioned ad valorem tax, subject to voter approval, on behalf of the Commission. The City acts through the Commission in the issuance of the bonds authorized by Act 309, and through the Board of Liquidation, City Debt, in the sale of its bonds. Construction of the Aquarium of the Americas and Woldenberg Riverfront Park was begun in 1987 and the bonds (Audubon Park Commission Aquarium Bonds, Series 1988 — \$25,000,000) were issued in 1988. Construction was completed and the Aquarium was opened to the public in September 1990. Phase II of the Aquarium was completed in 1995.

On June 1, 1990, the Commission and the City entered into an agreement for the construction and operation of the Audubon Wilderness Park and the Freeport McMoRan Audubon Species Survival Center on approximately 64 acres of property owned by the City. The agreement requires an annual payment to the City's General Fund of one dollar (\$1.00) per year for a period of fifty (50) years, commencing on May 1, 1990, and terminating on February 28, 2040. The Audubon Center for Research of Endangered Species is located adjacent to the Species Survival Center on 986 acres of United States Coast Guard property. The United States Coast Guard had granted the Commission a 25-year land use license with a 25 year renewal option that was executed on July 1, 2010. The term of such license is to commence on the 1st day of June 2015 and end on the 31st day of May 2040 inclusive, with an option for renewal for 25 additional years thereafter, subject to Coast Guard approval. Improvements completed on this site by the Commission include a 36,000 square-foot research laboratory.

Effective October 1, 1994, the Commission received assignment of a facility lease by the Society for Environmental Education (as lessee) with the City (as lessor). The Society for Environmental Education does business as the Audubon Louisiana Nature Center.

During 2002, construction began on the latest Audubon facility, the Audubon Insectarium. The Insectarium is located in the Customs House building and opened in the summer of 2008.

The Commission has a contractual management agreement with the Audubon Nature Institute, Inc. (the "Institute"), a nonprofit organization, under which the Institute manages and operates the Commission facilities located at the Audubon Zoo and Park, the Aquarium and Riverfront Park, the Audubon Insectarium, the Species Survival Center and the Louisiana Nature Center. The Institute employs individuals to operate and maintain the Commission's facilities; however, all operating revenues and expenses, including salary expense, related to these facilities are recorded on the records of the related facility. The Institute also supports the Commission financially through specific donations and grants obtained by the Institute for operations or capital improvements of Commission facilities.

Impact of Hurricanes — The entire facility of the Louisiana Nature Center, located in New Orleans East, flooded during Hurricane Katrina in 2005. The Commission recorded a loss on impairment of the Louisiana Nature Center of approximately \$446,000 in 2005 which represented the remaining net book value of the facility at the time and the Louisiana Nature Center has not since reopened. Management is still in the process of developing plans to utilize the site in the future. The Commission is insured for an event of this nature and has property damage insurance and business interruption insurance limits of approximately \$65,000,000 for all facilities.

Basis of Presentation — Fund Accounting — The proprietary fund is used to account for the Commission's ongoing operations and activities which are similar to those in the private sector. Proprietary funds are accounted for using a flow of economic resource measurement focus under which all assets and all liabilities associated with the operation of these funds are included in the balance sheet. The operating statements present increases (revenues) and decreases (expenses) in total net assets. The Commission maintains one proprietary fund type — the enterprise fund.

Basis of Accounting — Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Commission has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), excluding those issued after November 30, 1989.

Use of Estimates — The Commission prepares financial statements in accordance with accounting principles generally accepted in the United States of America. Such principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Basis of Reporting — Effective January 1, 2002, the Commission adopted GASB Statement No. 34, *Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments*. GASB Statement No. 34 established standards for external financial reporting for all state and local governmental entities. It requires the classification of net assets into three components — invested in capital assets, net of related debt, restricted, and unrestricted. These classifications are defined as follows:

Invested in Capital Assets, Net of Related Debt — This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted — This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation

Unrestricted — This component of net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt ”

Restricted Assets — Restricted assets consist primarily of investments maintained in the applicable enterprise fund in accordance with bond indentures. This category is also used to report amounts receivable from public agencies in connection with the funding of capital projects

Investments — Investments are stated at cost or amortized cost, which does not materially differ from market value

Inventory — Inventory is stated at the lower of cost, determined by the first-in, first-out method, or market

Capital Assets — Capital assets are recorded at historical cost, net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives (ranging from 20–40 years for buildings and fixed exhibitry and 3–20 years for equipment) of the assets. Equipment under capital lease is amortized using the straight-line method over the shorter of the lease term or its useful life. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in revenue or expense for the period. The cost of maintenance and repairs is charged to operations as incurred and significant renewals and betterments are capitalized

The Commission reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset might not be recoverable through future utilization. An impairment change is recognized when the fair value of an asset is less than its carrying value

Cash and Temporary Investments — The enterprise funds consider all short-term and highly liquid investments with an original maturity of ninety days or less to be temporary investments. Cash and temporary investments at December 31, 2011 and 2010, consisted of unrestricted cash and cash equivalents of \$1,862,751 and \$765,093, respectively

Budgeting — Operating and capital expenditure budgets are adopted by the Commission on a basis consistent with accounting principles generally accepted in the United States. Budget information is utilized for analytical purposes, and the budget process is a key component of the Commission’s management control environment

New Accounting Pronouncements — GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, was issued in February 2009 and will be applicable to the Commission for fiscal 2011. The Statement was designed to improve the usefulness of fund balance information reported by establishing a hierarchy of classifications for reporting an entity’s fund balance that is based primarily on the extent to which the government entity is bound to observe spending constraints that control how specific amounts can be spent. The Commission’s adoption of this statement had no impact on the Commission’s financial position or results of operations

2. CASH AND TEMPORARY INVESTMENTS

Cash on Deposit — The Commission's deposits at financial institutions at December 31, 2011 and 2010, were \$1,982,582 and \$635,933, respectively (excluding \$149,210 and \$129,160 of cash on hand at December 31, 2011 and 2010, respectively)

Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned. The Commission does not have a deposit policy for custodial credit risk. As of December 31, 2011 and 2010, no funds were exposed to custodial credit risk.

Investments — The carrying and market values of the Commission's investments as of December 31, 2011 and 2010, were \$3,894,958 and \$1,573,766, respectively. At December 31, 2011, amounts were comprised of money market accounts of \$3,003,003 and treasury bills of \$891,955. At December 31, 2010, amounts were comprised of certificates of deposit of \$307,088 and treasury bills of \$1,266,678. The average return on the deposits approximated 0.01% at December 31, 2011 and 2010.

Per GASB authoritative guidance, unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. In 2011, some of the U.S. government direct obligations were downgraded by one of the national rating agencies.

Interest Rate Risk — It is not the Commission's policy to limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk — For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the Commission would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At December 31, 2011 and 2010, the Commission is not exposed to significant custodial credit risk with respect to its investments because all investments are either insured by Federal Depository Insurance, registered in the name of the Commission or collateralized by other investments pledged in the name of the Commission.

3. OTHER ASSETS

On April 30, 1992, the Commission, the City and the Board of Commissioners of the Port of New Orleans (the "Port") entered into an agreement titled "Riverfront Economic Development Agreement" (the "Agreement") under which the Commission paid \$13,000,000 (\$11,000,000 from the sale of the Commission's Aquarium Revenue Bonds, Series 1992A, and \$2,000,000 from self-generated funds of the Commission) to the Port. In consideration for the \$11,000,000 of the payment, the Commission was relieved of all rents or fees due for occupancy pursuant to an agreement with the Port dated October 23, 1987, that provided for the development and occupancy of an aquarium and related facilities by the Commission over the 99-year term of the agreement. The \$11,000,000 payment was recorded as prepaid rent and is being amortized on a straight-line basis over the remaining term of the agreement.

In consideration for \$2,000,000 of the payment, the City, which became the sole owner of the Rivergate Facility under the agreement, agreed to transfer and assign the second \$200,000 of annual net income from the parking facilities at the Rivergate to the Commission for twenty years beginning with the 1992 calendar year. In the event parking operations were discontinued at the Rivergate, the agreement provided for the City to make a lump sum payment to the Commission for the remaining payments discounted at 7%, or to continue to pay the \$200,000 annually in monthly installments of \$16,666. Parking operations were discontinued and the City has elected to continue paying the \$200,000 annually through 2011. Harrah's Jazz Casino Company assumed payment of this receivable from the City upon

its operation of the Rivergate Facility. As payments are received from Harrah's Jazz Casino Company, this receivable, included in Other Assets, is reduced for that portion of the payment representing return of principal, with the balance credited to interest income.

Unamortized bond issue costs represent costs incurred in the issuance of the revenue bonds and the limited tax bonds (Note 5). These costs are being amortized over the life of the bonds.

Film Cost — The Commission and a partner began production on an IMAX® film about the Louisiana Wetlands in 2004 and the Commission capitalized its related costs as part of construction in process. On August 29, 2006, the "Hurricane on the Bayou," IMAX® film was completed and released at the Aquarium and subsequently released in other theatres around the world. The Commission amortizes the film costs using the individual-film-forecast-computation method which amortizes such costs in the same ratio that current period actual revenue bears to estimated remaining unrecognized ultimate revenue as of the beginning of the current fiscal year (denominator). The film revenue, included in charges for services, for the years ended December 31, 2011 and 2010, was \$291,870 and \$306,107, respectively, and ultimate revenue is estimated at \$5,442,695. Ultimate revenue includes the estimates that are based on the history of earning such revenue. The Commission recognized \$165,503 and \$809,995 of the film amortization for the years ended December 31, 2011 and 2010, respectively.

4. CAPITAL ASSETS

A summary of changes in capital assets during 2011 and 2010, is as follows:

	2011				
	Beginning Balance 2011	Additions	Transfers	Retirements	Ending Balance 2011
Capital assets not being depreciated					
Land	\$ 800,000	\$ -	\$ -	\$ -	\$ 800,000
Construction in progress	<u>3,309,943</u>	<u>3,445,066</u>	<u>(4,382,407)</u>		<u>2,372,602</u>
Total capital assets not being depreciated	<u>4,109,943</u>	<u>3,445,066</u>	<u>(4,382,407)</u>	<u>-</u>	<u>3,172,602</u>
Capital assets being depreciated					
Buildings and fixed exhibitory	213,931,296		4,382,407		218,313,703
Equipment	<u>18,633,830</u>	<u>971,596</u>		<u>(355,192)</u>	<u>19,250,234</u>
Total capital assets being depreciated	<u>232,565,126</u>	<u>971,596</u>	<u>4,382,407</u>	<u>(355,192)</u>	<u>237,563,937</u>
Less accumulated depreciation	<u>(100,858,773)</u>	<u>(8,457,622)</u>		<u>346,184</u>	<u>(108,970,211)</u>
Total capital assets — net	<u>\$ 135,816,296</u>	<u>\$ (4,040,960)</u>	<u>\$ -</u>	<u>\$ (9,008)</u>	<u>\$ 131,766,328</u>

	2010				
	Beginning Balance 2010	Additions	Transfers	Retirements	Ending Balance 2010
Capital assets not being depreciated					
Land	\$ 800,000	\$ -	\$ -	\$ -	\$ 800,000
Construction in progress	<u>719,300</u>	<u>3,720,204</u>	<u>(1,129,561)</u>	<u>-</u>	<u>3,309,943</u>
Total capital assets not being depreciated	<u>1,519,300</u>	<u>3,720,204</u>	<u>(1,129,561)</u>	<u>-</u>	<u>4,109,943</u>
Capital assets being depreciated					
Buildings and fixed exhibitory	212,818,874		1,129,561	(17,139)	213,931,296
Equipment	<u>18,507,484</u>	<u>770,673</u>	<u>-</u>	<u>(644,327)</u>	<u>18,633,830</u>
Total capital assets being depreciated	<u>231,326,358</u>	<u>770,673</u>	<u>1,129,561</u>	<u>(661,466)</u>	<u>232,565,126</u>
Less accumulated depreciation	<u>(93,142,450)</u>	<u>(8,355,708)</u>	<u>-</u>	<u>639,385</u>	<u>(100,858,773)</u>
Total capital assets — net	<u>\$ 139,703,208</u>	<u>\$ (3,864,831)</u>	<u>\$ -</u>	<u>\$ (22,081)</u>	<u>\$ 135,816,296</u>

Depreciation expense for the years ended December 31, 2011 and 2010, related to these assets amounted to approximately \$8,458,000 and \$8,356,000, respectively

5. BONDS AND LOAN PAYABLE

Bonds and loans payable at December 31, 2011 and 2010, are comprised of the following

	2011	2010
Limited tax bonds		
3 00% to 5 00% Audubon Commission Aquarium Bonds, Series 2003 A due in annual installments of \$2,565,000 to \$2,695,000 through October 2013	\$ 5,260,000	\$ 7,705,000
3 00% to 5 3/8% Audubon Commission Aquarium Bonds, Series 2001 A due in annual installments of \$15,000 to \$3,595,000 through October 2017		13,375,000
3 00% to 4 70% Audubon Commission Aquarium Bonds, Series 2001 B due in annual installments of \$75,000 to \$1,260,067 through October 2021		6,153,572
3 276% Audubon Commission Aquarium Bonds, Series 2011A-1 due in annual installments of \$2,075,000 to \$3,630,000 from October 2014 through October 2021	24,370,000	
1 867% Audubon Commission Aquarium Bonds, Series 2011A-2 due in October 2014	630,000	
5 00% to 6 50% Audubon Commission Improvement and Refunding Zoo Bonds, Series 1997, due in annual installments of \$275,000 to \$365,000 through December 2016	1,635,000	1,910,000
Revenue bonds		
4 5% to 5 00% 1997 Audubon Commission Aquarium Revenue Refunding Bonds Series 1997, due in annual installments of \$1,460,000 to \$1,520,000 through April 2012	1,520,000	2,980,000
State of Louisiana, Office of Community Development Gulf Opportunity Zone Act Loan	<u>18,666,226</u>	<u>18,131,950</u>
Total bonds and loans payable	52,081,226	50,255,522
Deferred losses on refinancings — net of amortization	(1,190,558)	(1,480,859)
Unamortized premium — net	<u>2,387,600</u>	<u>514,515</u>
Total	53,278,268	49,289,178
Less current maturities and current portion of deferred losses	<u>(5,457,500)</u>	<u>(3,820,298)</u>
Bonds and loans payable — long-term	<u>\$47,820,768</u>	<u>\$45,468,880</u>

On September 22 2011, the Commission issued \$24,370,000 Aquarium Refunding Bonds, Series 2011A-1 with a net interest cost of 3 276%. The bonds were issued for the purpose of defeasing the Aquarium Refunding Bonds, Series 2001 A and Series 2001 B Bonds and providing amounts for

capital improvements to the Audubon Aquarium of the Americas and related facilities and paying costs of issuance of the bonds. On the same date the Commission issued \$630,000 Aquarium Refunding Bonds, Taxable Series 2011A-2 with a net interest rate of 1.867%. The bonds were issued for the purpose of paying a portion of the interest due on the 2011A Bonds and paying costs of issuance of the Bonds. The bonds were issued on a complete parity with the Aquarium Refunding Bonds Series 2003A. The Commission completed the advance refunding to reduce the debt service payments over the next 10 years and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$2,676,682.

On July 9, 2003, the Commission issued \$22,285,000 Aquarium Refunding Bonds, Series 2003 A with an average interest rate of 3.726%. The proceeds of this issue were used to advance refund \$22,565,000 of the Audubon Commission Aquarium Bonds, Series 1993. The 2003 A Series bonds were issued on complete parity with the Aquarium Refunding Bonds, Series 2001 A and 2001 B. The advance refund included escrowing \$23,685,145 into an irrevocable trust to provide for all future debt service payments on the Series 1993 bonds, therefore the Series 1993 bonds were removed from the balance sheet in 2003. The reacquisition price exceeded the recorded book value by approximately \$2.4 million which is reported in the financial statements as a deduction to bonds payable and is being charged to interest expense through 2013 using the straight-line method.

On November 1, 2001, the Commission issued \$13,555,000 Audubon Commission Aquarium Refunding Bonds, Series 2001 A and \$6,683,572 Audubon Commission Aquarium Bonds, Series 2001 B with an average interest rate of 4.5%. Series A was issued to advance refund \$13,390,000 of Aquarium Series 1993 bonds with an average interest rate of 6.25% maturing in October 2014 through 2017. The advance refunding included escrowing \$14,573,000 into an irrevocable trust to provide for future debt service for a portion (\$13,309,000) of the Aquarium Series 1993 bonds, therefore, that portion of the Aquarium Series 1993 bonds was removed from the balance sheet in fiscal 2001. The reacquisition price exceeded the recorded book value by approximately \$1.1 million which is reported in the financial statements as a deduction to bonds payable and is being charged to interest expense through 2017 using the straight-line method. Series B was issued to finance further construction, extension and improvement of the Aquarium and related facilities, including the development, design and construction of the Audubon Insectarium. Proceeds from the bonds are also used to pay the costs of issuance of the bonds. These bonds are special and limited obligations of the City payable from and secured solely by the proceeds of a property tax levied at a rate of three and four-fifths mills.

In December 1996, the Commission received a commitment to purchase its \$4,500,000 Improvement and Refunding Bonds, Series 1997. The proceeds of the issue were used to advance refund \$1,895,000 in Series 1979 and 1988 Improvement Bonds, and provide \$2.5 million for capital improvements at Audubon Zoo. The advance refunding included escrowing \$1,943,500 into an irrevocable trust to provide for future debt service on the defeased bonds.

Debt service applicable to the limited tax bonds is held by the Board of Liquidation, City Debt. No tax bonds may be sold without approval of the Board of Liquidation. Property taxes levied by the City of New Orleans and dedicated to the payment of these limited tax bonds are collected by the City of New Orleans and, as required by law, paid to the Board of Liquidation as collected. The millages for these limited tax bonds were established at the time the bonds were issued, based upon the approval of the City's voters. The property taxes are recorded as nonoperating revenue for the appropriate fund.

In December 1997, the Commission issued its \$16,380,000 Aquarium Revenue Refunding Bonds, Series 1997 to advance refund its \$14,200,000 Series 1992 A Aquarium Revenue Bonds. The advance refunding included escrowing \$16,048,000 into an irrevocable trust to provide for all future debt service

payments on the Series 1992 A bonds, therefore, the 1992 A bonds were removed from the balance sheet. The reacquisition price exceeded the recorded book value by \$2.2 million which is reported in the financial statements as a deduction to bonds payable and is being charged to interest expense in equal annual amounts through 2012.

In July 2006, pursuant to the Public Law 109-135 of the United States Congress, the Gulf Opportunity Zone Act of 2005 was enacted to provide tax relief and tax credit bond authority designed to aid the State with recovery efforts from Hurricane Katrina and Hurricane Rita. Accordingly, the State of Louisiana, Office of Community Development loaned the Commission \$4,907,500 to make the scheduled debt payments for the Aquarium Revenue Refunding Bonds, Series 1997 and \$11,851,006 to make scheduled debt payments for the Improvement and Refunding Zoo Bonds, Series 1997, Aquarium Refunding Bonds, Series 2001 A, Aquarium Bonds, Series 2001 B and Aquarium Refunding Bonds, Series 2003 A through 2009. Per the agreement the funds shall be maintained at the State identified trustee and disbursed according to the debt schedule of the bonds identified above. Once funds are disbursed by the State, the debt service payments are made with the proceeds and amounts are recorded as loans payable by the Commission. The agreement matures 20 years from the date of the delivery of the loan which was on July 19, 2006. No principal or interest is payable during the initial five year period of the loan. After the expiration of the initial five year period of the loan, the loan shall bear interest at a fixed rate of 4.64%. Principal and interest shall be repaid over the remaining 15 year period based on level annual amortization of principal and interest. An extension was requested in 2011 to defer the payment of principal and interest for an additional five years and negotiations are ongoing. The loan balance may be prepaid at any time, in whole or in part, by the Commission without penalty or premium. The total amount of interest to accrue over the 20-year period of the loan is \$6,874,054. As of December 31, 2011 and 2010, the amount of liability under the loan was \$18,666,226 and \$18,131,950, respectively, related to principal and interest payments made to bondholders on behalf of the Commission.

The Commission and the Institute are related through the interaction of their Boards of Directors and contractual management agreements under which the Institute manages and operates Commission facilities. Subsequent to December 31, 2010, the management agreement was extended to a new ten year term beginning January 26, 2011 through January 25, 2021. As of December 31, 2011 and 2010, amounts due to the Institute totaled \$7,560,378 and \$7,470,007, respectively, and have been classified as a long-term liability based on the Commission's evaluation of the timing of the anticipated repayment of these amounts. There is no scheduled maturity date and the Institute has no plans in the next 12 months to demand payment on the amounts receivable from the Commission at December 31, 2011 (see Note 8).

A summary of changes in long-term liabilities during 2011 and 2010 is as follows:

	2011				
	Beginning Balance	Additions	Payments	Ending Balance	Due within One Year
Limited tax bonds	\$29,143,572	\$25,000,000	\$(22,248,572)	\$31,895,000	\$2,855,000
Revenue bonds	2,980,000		(1,460,000)	1,520,000	1,520,000
Due to the Institute	7,470,007	90,371		7,560,378	
Gulf Opportunity Zone loan	<u>18,131,950</u>	<u>534,276</u>		<u>18,666,226</u>	<u>1,575,503</u>
	<u>\$57,725,529</u>	<u>\$25,624,647</u>	<u>\$(23,708,572)</u>	<u>\$59,641,604</u>	<u>\$5,950,503</u>

	2010				
	Beginning Balance	Additions	Payments/ Loan Forgiveness	Ending Balance	Due within One Year
Limited tax bonds	\$ 31,813,572	\$ -	\$ (2,670,000)	\$ 29,143,572	\$ 2,805,000
Revenue bonds	4,380,000		(1,400,000)	2,980,000	1,460,000
Note payable	1,220,835		(1,220,835)		
Due to the Institute	9,106,782		(1,636,775)	7,470,007	
Gulf Opportunity Zone loan	<u>17,544,862</u>	<u>587,088</u>		<u>18,131,950</u>	
	<u>\$ 64,066,051</u>	<u>\$ 587,088</u>	<u>\$ (6,927,610)</u>	<u>\$ 57,725,529</u>	<u>\$ 4,265,000</u>

Debt service requirements on all bonds outstanding as of December 31, 2011, including interest payments of \$15,374,329 are as follows

Years Ending December 31	Limited Tax Bonds	Revenue Bonds	Gulf Opportunity Zone Loan	Total	Interest Included in Total
2012	\$ 4,330,086	\$ 1,558,000	\$ 2,109,788	\$ 7,997,874	\$ 2,824,965
2013	4,309,550		2,097,069	6,406,619	2,566,687
2014	4,183,680		1,758,763	5,942,443	2,038,769
2015	4,208,820		1,382,512	5,591,332	1,532,120
2016	4,206,880		1,396,431	5,603,311	1,401,680
2017-2021	19,118,300		7,214,628	26,332,928	4,226,305
2022-2026			<u>7,673,328</u>	<u>7,673,328</u>	<u>783,803</u>
	<u>\$ 40,357,316</u>	<u>\$ 1,558,000</u>	<u>\$ 23,632,519</u>	<u>\$ 65,547,835</u>	<u>\$ 15,374,329</u>

A certain Endowment Income Trust Fund loaned the Commission \$500,000 in 1982 for capital improvements within the Audubon Park and Zoo. The loan accrues interest at 5%. The loan was to be repaid annually from 50% of any operating surplus of the Audubon Park and Zoo, excluding any intergovernmental revenues. Amounts not repaid after 25 years were forgiven by the lender. The agreement also requires minimum annual payments of \$25,000 which commenced January 1, 1992. The Commission had recorded a repayment liability \$1,220,835 at December 31, 2009, which included accrued interest. During 2010, the Commission determined that the loan was forgiven by the lender and such amounts outstanding were recorded as non-operating revenues in the statement of activities.

6. RETIREMENT SYSTEM

Employees of the Institute that provide services for the Commission in accordance with the terms of the management agreement may participate on an optional basis in a tax-deferred annuity plan established by the Institute for the benefit of all full-time employees. The plan provides for the purchase of annuities which qualify for tax deferral. Participating employees contribute between 2% and 15% of their salary, not to exceed \$16,500, and the Commission, through its management agreement with the Institute, matches employee contributions up to 3% of base salary. The retirement expense provision for 2011 and 2010 amounted to approximately \$537,000 and \$530,000, respectively.

7. RELATED-PARTY TRANSACTIONS

The Commission and the Institute are related through the interaction of their Boards of Directors and contractual management agreements under which the Institute manages and operates Commission facilities. To assure efficiencies through economies of scale, these entities often engage in operations through one organization that benefit the other organization. One example of this is the use of common

or central bank and investment accounts. The Commission received additional financial support from the Institute in the form of specific gifts and grants of \$3,306,057 and \$5,011,828 and distributions from the Institute's Endowment Fund amounting to \$1,098,634 and \$765,321 (included in interest income) during 2011 and 2010, respectively. As of December 31, 2011 and 2010, amounts due to the Institute totaled \$7,560,378 and \$7,470,007, respectively, and have been classified as a long-term liability based on the Commission's evaluation of the timing of the anticipated repayment of these amounts. The Institute has committed to the Commission that it has the intent and ability to continue funding the operations of the Commission through operating advances, donations and grants, if necessary, in order to provide the required level of financial support to enable the Commission to discharge its liabilities in the normal course of business as they become due through January 1, 2013. The Institute has no plans in the next 12 months to demand payment on the amounts receivable from the Commission at December 31, 2011.

8. COMMITMENTS AND CONTINGENCIES

Long-Term Leases — The Commission leases its Audubon Insectarium premises under an operating lease which was amended in March 2, 2005, and expired August 2, 2009. The lease provides that the agreement may be renewed, at the option of the lessee providing that 360 days written notice is given before the end of the fixed term, for four separate and consecutive ten year terms. The lease was renewed in August 2009 with new annual rental amounts. A three year step rent plan was introduced in August 2009. The rent will be reset to market every five years, beginning August 2014, instead of 10 years as stated in the lease.

Future lease payments required under the operating lease for the next 3 years are as follows:

Years Ending December 31	Lease Payments
2012	\$ 591,645
2013	591,645
Through July 2014	<u>345,126</u>
Total	<u>\$1,528,416</u>

As of December 31, 2011, the Commission was obligated under various capital leases, each with noncancelable terms in excess of one year. The net book value of assets under capital lease as of December 31, 2011, was \$194,047. Amortization expense of \$70,560 was recorded in 2011 in connection with the leased equipment and is included in depreciation and amortization expense in the accompanying 2011 statement of activities. Future minimum lease payments as of December 31, 2011, are as follows:

**Years Ending
December 31**

2012	\$ 85,904
2013	85,904
2014	<u>64,428</u>
Total minimum lease payments	236,236
Less amounts representing interest	<u>30,443</u>
Present value of future minimum lease payments	205,793
Less current portion of capital leases obligation	<u>68,403</u>
Capital lease obligations-excluding current portion	<u>\$ 137,390</u>

Litigation — Certain claims and suits have been filed against the Commission. The majority of these claims are covered by insurance and, based on all available information and consultation with the Commission's legal counsel, management does not believe the ultimate resolution of these matters will have a significant effect on the Commission's financial position, results of operations, or cash flows.

9. CORRECTION OF 2010 FINANCIAL STATEMENT AMOUNTS

Subsequent to the issuance of the 2010 financial statements, the Commission identified an adjustment relating to an unrecorded accreted interest liability on the 2001B bond issue that should have been recorded at December 31, 2010 totaling \$3 895 million. The effects of the restated amounts on the 2010 financial statements are included in the table below. This adjustment was not material overall to the financial statements for the year ended December 31, 2010.

	2010		
	As Previously Reported	Adjustment	As Restated
Statement of net assets at December 31, 2010			
Accreted interest on capital appreciation bonds	\$ -	\$ 3,894,539	\$ 3,894,539
Total long-term liabilities	53,144,680	3,894,539	57,039,219
Net assets — unrestricted	343,330	(3,894,539)	(3,551,209)
Total net assets	90,297,310	(3,894,539)	86,402,771
Statement of activities for the year ended December 31, 2010			
Interest expense	2,400,827	514,656	2,915,483
Total nonoperating revenues — net	14,491,373	(514,656)	13,976,717
Change in net assets	790,710	(514,656)	276,054
Net assets — beginning of year	89,506,600	(3,379,883)	86,126,717
Net assets — end of year	90,297,310	(3,894,539)	86,402,771
Statement of cash flows for the year ended December 31, 2010			
Noncash items			
Accretion of interest on capital appreciation bonds		514,656	514,656

* * * * *

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
Audubon Commission

We have audited the basic financial statements of the Audubon Commission (the "Commission"), a discretely presented component unit of the City of New Orleans, Louisiana as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated May 31, 2012. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of Commission is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audits, we considered the Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be significant deficiency in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Commissioners, management, the City of New Orleans, Louisiana, the Louisiana Legislative Auditor, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Debitte & Touche LLP

May 31, 2012

AUDUBON COMMISSION

(A Discretely Presented Component Unit of the City of New Orleans, Louisiana)

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2011

Significant Deficiency — Recording of 2001B Capital Appreciation Bonds

Condition: During 2011, the Commission defeased the Aquarium Refunding Bonds, Series 2001A and Series 2001B Bonds. In 2011 the Commission also issued \$24,370,000 Aquarium Refunding Bonds, Series 2011A-1 and \$630,000 Aquarium Refunding Bonds, Taxable Series 2011A. Upon recording journal entries to reflect the above defeasance and issuance of new bonds, it was discovered that the Commission did not record accreted interest through the date of bond defeasance on October 1, 2011, on Series 2001B Bonds issued in 2001.

A total of \$5,583,572 of the original principal issued relating to the 2001B original bond issue represent capital appreciation bonds (CAB) which do not pay interest on a recurring set periodic basis, but rather the interest accretes in value from the date of issuance to the date of maturity (and is payable upon maturity). As noted above, no such interest had been accreted by the Commission from 2001 through 2011.

The error was identifying as a result of discovering a significant difference between the amounts deposited into the sinking fund of approximately \$10.4 million to defease the above bonds compared to the principal balance recorded on the outstanding bonds at that date of approximately \$6.1 million.

Criteria: Generally accepting accounting principles (GAAP) at the time of the issuance of the 2001B bonds did not require recording of the accreted interest liability, however, current GAAP in effect since 2002 require that the CAB accreted interest be recorded as a liability on the financial statements.

Cause: When the requirements of GAAP changed in 2002, the accounting for the 2001 bond issue was not changed which resulted in a misstatement of the financial statements.

Effect: The cumulative impact on the December 31, 2010 financial statements resulted in an understatement of accreted interest liability on the 2001B bonds of \$3.895 million and an overstatement of unrestricted net assets of \$3.895 million.

Recommendation: The appropriate level of accounting personnel should review the accuracy of the bond accounting relative to the terms of a bond indenture as well review the amortization schedules of the various bond components.

Management's Response: The Commission will ensure that appropriate accounting personnel review the accuracy of bond accounting and bond amortization schedules.

ADDITIONAL INFORMATION

AUDUBON COMMISSION
(A Discretely Presented Component Unit of the City of New Orleans, Louisiana)

COMBINING SCHEDULE OF NET ASSETS
AS OF DECEMBER 31, 2011

	Aquarium and Riverfront Park	Audubon Insectarium	Audubon Zoo and Park	Audubon Golf Course	Species Survival Center/ Research Center	Louisiana Nature Center	Total
CURRENT UNRESTRICTED ASSETS							
Cash and temporary investments	\$ 1,745,301	\$ 25,040	\$ 89,910	\$ 2,250	\$ 250	\$ -	\$ 1,862,751
Accounts receivable — net of allowance for uncollectible accounts of \$52,452	231,706	65,463	171,836	3,056	12,043		484,104
Inventory	366,938	176,141	731,313	123,665			1,398,057
Prepaid expenses	542,566	9,013	410,386	2,727	55,864		1,020,556
Total unrestricted current assets	2,886,511	275,657	1,403,445	131,698	68,157	-	4,765,468
CURRENT RESTRICTED ASSETS							
Designated for capital projects	2,422,906						2,422,906
Debt service and bond reserve investments	1,734,264		332,405				2,066,669
Accounts receivable for capital improvements	462,892	55,208	731,739				1,249,839
Total restricted current assets	4,620,062	55,208	1,064,144	-	-	-	5,739,414
Total current assets	7,506,573	330,865	2,467,589	131,698	68,157	-	10,504,882
CAPITAL ASSETS							
Land			800,000				800,000
Buildings and fixed exhibitory	89,536,139	24,344,374	71,790,047	10,728,838	21,914,306		218,313,704
Equipment	7,782,286	1,003,734	7,026,410	928,361	2,509,443		19,250,234
Construction in progress	1,202,095	36,133	1,134,374				2,372,602
Less accumulated depreciation	(56,238,297)	(4,993,263)	(34,462,270)	(2,797,066)	(10,479,316)		(108,970,212)
Net capital assets	42,282,223	20,390,978	46,288,561	8,860,133	13,944,433	-	131,766,328
Prepaid rent — Dock Board	8,684,193						8,684,193
Film cost — net of accumulated amortization	754,906						754,906
Receivable — Riverfront Economic Development Agreement	81,674						81,674
Bond issue costs	293,529						293,529
Debt service and bond reserve investments- restricted noncurrent	296,771						296,771
Total other assets	10,111,073	-	-	-	-	-	10,111,073
TOTAL	\$ 59,899,869	\$ 20,721,843	\$ 48,756,150	\$ 8,991,831	\$ 14,012,590	\$ -	\$ 152,382,283

(Continued)

AUDUBON COMMISSION
(A Discretely Presented Component Unit of the City of New Orleans, Louisiana)

COMBINING SCHEDULE OF NET ASSETS
AS OF DECEMBER 31, 2011

	Aquarium and Riverfront Park	Audubon Insectarium	Audubon Zoo and Park	Audubon Golf Course	Species Survival Center/ Research Center	Louisiana Nature Center	Total
CURRENT LIABILITIES							
Nonrestricted current liabilities — accounts payable and other accrued liabilities	\$ 2,252,159	\$ 189,494	\$ 3,241,384	\$ 308,604	\$ 79,003	\$ 338,099	\$ 6,408,743
Current liabilities payable from restricted assets							
Accrued interest	266,175		50,633				316,808
Revenue bonds — current portion	1,370,874						1,370,874
Limited tax bonds — current portion	2,221,123		290,000				2,511,123
Gulf Opportunity Zone loan — current portion	1,523,547		51,956				1,575,503
Construction payables	361		52,030				52,391
Total payable from restricted assets	5,382,080	-	444,619	-	-	-	5,826,699
Total current liabilities	7,634,239	189,494	3,686,003	308,604	79,003	338,099	12,235,442
LONG-TERM LIABILITIES							
Limited tax bonds	26,997,448		1,345,000				28,342,448
Unamortized premium — net	2,387,600						2,387,600
Gulf Opportunity Zone loan	15,978,232		1,112,488				17,090,720
Due to Audubon Nature Institute	(1,475,246)	(676,287)	7,363,738	541,245	1,767,671	39,257	7,560,378
Capital lease obligation				137,390			137,390
Total long-term liabilities	43,888,034	(676,287)	9,821,226	678,635	1,767,671	39,257	55,518,536
Total liabilities	51,522,273	(486,793)	13,507,229	987,239	1,846,674	377,356	67,753,978
NET ASSETS							
Invested in capital assets — net of related debt	(3,252,775)	20,446,187	44,450,597	8,722,743	13,944,433		84,311,185
Unrestricted	11,630,371	762,449	(9,201,676)	(718,151)	(1,778,517)	(377,356)	317,120
Total net assets	8,377,596	21,208,636	35,248,921	8,004,592	12,165,916	(377,356)	84,628,305
TOTAL	\$59,899,869	\$20,721,843	\$48,756,150	\$8,991,831	\$14,012,590	\$ -	\$152,382,283

(Continued)

AUDUBON COMMISSION
(A Discretely Presented Component Unit of the City of New Orleans, Louisiana)

**COMBINING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Aquarium and Riverfront Park	Audubon Insectarium	Audubon Zoo and Park	Audubon Golf Course	Species Survival Center/ Research Center	Louisiana Nature Center	Total
OPERATING REVENUES							
Charges for services	\$14,972,247	\$ 2,258,948	\$17,074,009	\$1,693,723	\$ -	\$ -	\$ 35,998,927
Miscellaneous	828,171	320,480	354,958	4,917	738	(12,310)	1,496,954
Total operating revenues	15,800,418	2,579,428	17,428,967	1,698,640	738	(12,310)	37,495,881
OPERATING EXPENSES							
Salaries and benefits	7,175,998	1,615,655	11,402,275	1,066,030	870,388		22,130,346
Contractual services, materials, supplies, and other	6,895,557	1,873,943	9,169,454	647,849	629,286	55,694	19,271,783
Depreciation and amortization	3,284,878	1,344,040	2,898,638	405,156	786,912		8,719,624
Total operating expenses	17,356,433	4,833,638	23,470,367	2,119,035	2,286,586	55,694	50,121,753
OPERATING LOSS	(1,556,015)	(2,254,210)	(6,041,400)	(420,395)	(2,285,848)	(68,004)	(12,625,872)
NONOPERATING REVENUES (EXPENSES)							
Audubon Nature Institute grants for capital projects, and education programs	916,598	32,499	1,355,926		1,001,034		3,306,057
Dedicated tax revenues	6,991,949	500,000	802,889				8,294,838
Intergovernmental grants for capital projects	10,868		1,472,747				1,483,615
Interest income	490,321		202,515		420,554		1,113,390
Interest expense	(2,654,144)		(143,677)	(22,462)	(227,209)		(2,820,283)
Grant expenses	(88,248)		(104,041)				(419,498)
Amortization — debt costs	(105,713)		(1,000)				(106,713)
Total nonoperating revenues — net	5,561,631	532,499	3,585,359	(22,462)	1,194,379	-	10,851,406
CHANGE IN NET ASSETS							
NET ASSETS — Beginning of year	4,005,616	(1,721,711)	(2,456,041)	(442,857)	(1,091,469)	(68,004)	(1,774,466)
NET ASSETS — End of year	4,371,980	22,930,347	37,704,962	8,447,449	13,257,385	(309,352)	86,402,771
NET ASSETS — End of year	\$ 8,377,596	\$21,208,636	\$35,248,921	\$8,004,592	\$12,165,916	\$(377,356)	\$ 84,628,305

AUDUBON COMMISSION
(A Discretely Presented Component Unit of the City of New Orleans, Louisiana)

COMBINING SCHEDULE OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Aquarium and Riverfront Park	Audubon Insectarium	Audubon Zoo and Park	Audubon Golf Course	Survival Center/ Research Center	Louisiana Nature Center	Total
CASH FLOWS FROM OPERATING ACTIVITIES							
Cash received from customers	\$ 16,383,759	\$ 2,513,964	\$ 17,629,326	\$ 1,698,569	\$ 737	\$ (12,309)	\$ 38,214,046
Cash received from FEMA reimbursements	28,522						28,522
Cash paid to or on behalf of employees	(7,152,268)	(1,614,574)	(11,351,338)	(1,061,779)	(873,992)		(22,053,951)
Cash paid for supplies and services	(9,971,466)	(1,393,143)	(7,429,113)	(776,948)	181,939	12,310	(19,376,421)
	<u>(711,453)</u>	<u>(493,753)</u>	<u>(1,151,125)</u>	<u>(140,158)</u>	<u>(691,316)</u>	<u>1</u>	<u>(3,187,804)</u>
Net cash (used in) provided by operating activities							
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Grants from the Institute for capital projects, education, and operating support	916,597	32,499	1,355,926		1,001,034		3,306,056
Payments for projects' design, construction and equipment purchases	(1,233,114)	(38,749)	(2,825,182)	162,621	(503,065)		(4,437,489)
(Increase) decrease in restricted assets	(3,335,921)		774,783				(2,561,138)
Increase in restricted liabilities	4,604,586		34,577				4,639,163
Dedicated tax revenues	6,991,949		802,889				8,294,838
Issuance of bond principal	25,000,000	500,000					25,000,000
Extinguishment of bond principal	(24,428,502)						(24,428,502)
Payment of issuance costs	(192,012)						(192,012)
Bond proceeds	(3,043,706)						(3,043,706)
Original issue premium	2,433,627						2,433,627
Interest paid	(2,654,144)		(143,677)	(22,462)			(2,820,283)
Payment of bond principal	(3,990,000)		(275,000)				(4,265,000)
Interest income	490,321		202,515		420,554		1,113,390
Intergovernmental and other grants	10,868		1,472,747				1,483,615
Grant expenses	(88,248)		(104,041)		(227,209)		(419,498)
Other	183,398	3	(1,000)				182,401
	<u>1,665,699</u>	<u>493,753</u>	<u>1,294,537</u>	<u>140,159</u>	<u>691,314</u>	<u>-</u>	<u>4,285,462</u>
Cash provided by (used in) capital and related financing activities							
NET INCREASE (DECREASE) IN CASH AND TEMPORARY INVESTMENTS	954,246	-	143,412	1	(2)	1	1,097,658
CASH AND TEMPORARY INVESTMENTS — Beginning of year	<u>675,510</u>	<u>25,040</u>	<u>62,043</u>	<u>2,249</u>	<u>231</u>		<u>765,093</u>
CASH AND TEMPORARY INVESTMENTS — End of year	<u>\$ 1,629,756</u>	<u>\$ 25,040</u>	<u>\$ 205,455</u>	<u>\$ 2,250</u>	<u>\$ 249</u>	<u>\$ 1</u>	<u>\$ 1,862,751</u>

(Continued)

AUDUBON COMMISSION
(A Discretely Presented Component Unit of the City of New Orleans, Louisiana)

COMBINING SCHEDULE OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Aquarium and Riverfront Park	Audubon Insectarium	Audubon Zoo and Park	Audubon Golf Course	Survival Center/ Research Center	Louisiana Nature Center	Total
RECONCILIATION OF OPERATING LOSS TO NET CASH (USED IN)							
PROVIDED BY OPERATING ACTIVITIES							
Operating loss	\$ (1,556,015)	\$ (2,254,210)	\$ (6,041,400)	\$ (420,395)	\$ (2,285,848)	\$ (68,004)	\$ (12,625,872)
Adjustments to reconcile operating loss to cash (used in)							
provided by operations							
Depreciation and amortization	3,284,878	1,344,040	2,898,638	405,156	786,912		8,719,624
Decrease (increase) in accounts receivable and other current assets	296,381	87,210	55,458	(16,453)	13,889		436,485
(Decrease) increase in accounts payable and other current liabilities	(2,736,697)	329,207	1,936,179	(108,466)	793,731	68,005	281,959
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	\$ (711,453)	\$ (493,753)	\$ (1,151,125)	\$ (140,158)	\$ (691,316)	\$ 1	\$ (3,187,804)

(Concluded)